

Health Insurance Advisory Council

May 16, 2006

5 – 6:30 PM – DBR Hearing Room

Minutes

Attendance:

Members: Domenic Delmonico, Patrick Quinn, Howard Dulude, Dawn Wardyga, Josh Miller, Denise Lynn, Ann Rhodes, Craig O' Connor, Chris Koller (Co-Chair)

Health Plans: Jim Joy, Jason Martesian, Ken Pariseau

OHIC Staff: John Cogan, Adrienne Evans, Matthew Stark, Patricia Huschle

Excused: Mike Frazier, Serena Sposato, MD. Hub Brennan, MD, Anna Marie Monks, Rick Brooks, Bill Martin

1. Introductions

- Members of the Council introduced themselves.**

2. Updates

a. Provider Health Plan Workgroup

- Ms. Huschle reviewed the work of the provider health plan workgroup in particular the standardized health plan application. The group has agreed to accept the Council on Affordable Quality**

Healthcare (CAQH) Universal Data source as the state standard. The effect will be to reduce paperwork for the provider – once an application has been filled out electronically, it may be accessed by CAQH participating health plans, which include all national carriers including UnitedHealthcare. Locally, Blue Cross will begin to accept this application electronically beginning in January. NHPRI will accept paper format.

The workgroup will take on two issues next – the standardized claim form, as directed by legislation, and the availability of eligibility and benefit information from the plans (joint workgroup with RI Quality Institute).

b. Health Plan Reserves

· The Lewin group is finalizing its plan-specific examinations. These will be sent to the plans who will have 30 days to respond to the examination reports in writing. After this, the Commissioner may accept, reject or call a hearing regarding the examination reports.

As agreed to previously, the members of the advisory council will assist the Commissioner in drafting the cover letter to accompany a general report from Lewin, which will go to the Legislature, as required by statute. The Council will not formally draft or endorse the report to the Legislature. Members of the Council who agreed to work with the Commissioner were Serena Sposato, Hub Brennan, Anna Marie Monks, Domenic Delmonico and Patrick Quinn. Mr. Koller will share a first draft with them about the time that reports are released to the plans.

c. OHIC Web Site

- The Office of the Health Insurance Commissioner has a Web Page within the DBR web site. Proceedings of the Council are posted here. A full web site will be developed in the summer, after the legislative session.**

3. Pending Legislation

a. Commissioner Koller reviewed a presentation on the health care legislative priorities of this administration for this session, most of which are focused on small business health insurance:

- Affordable Health Plan**

- A proposal for the OHIC to work with insurers to develop a health plan available to all small businesses, based on an RFP process similar to large businesses. The proposal would establish an advisory committee who would target a product price, issue RFPs to insurers and review responses from insurers. The product (“Select Care”) would then be offered as a choice to small businesses alongside existing products.**

- Maintain existing underwriting rules**

- The administration opposes proposals to relax underwriting rules in the small group market. While the intent of the rules is to attract more insurers and lower rates, the effect is generally to encourage pricing competition for younger and healthier populations, shift costs to smaller, older and sicker groups, and not address the underlying inflationary pressures in health care.**

- **Reinsurance Program for Affordable Health Plan**
- **The administration has proposed a \$12.7 million program for low wage businesses to purchase the Affordable Health Plan Product, funded through changes in the insurer premium tax laws and securitized payment from the national tobacco settlements. The effect would be to encourage enrollment in the Select Care product, possibly as a precursor to Massachusetts-type mandatory programs.**
- **Transparency**
- **With the influx of higher deductible health plans, the administration has proposed that insurers make fee schedule information available to enrollees on line, that claims experience be made available to employers over 50, and that insurers disclose rate calculations in consistent fashion for small groups.**

Comments:

- **Underwriting Rules: What are the implications of “community rating”?**
 - o **Would further collapse rates for small group – younger and healthier groups would see a rise, older and sicker groups a decrease. In voluntary market, how do you encourage the younger groups to participate – as these are the ones you want in the pool?**
 - o **Should medical care be financed as insurance – like cars and houses – where people at a greater risk of incurring a claim are charged more? Or is it a form of social programming – like Medicare? This is the philosophic crux.**
- **Underlying cost pressures: What are the costs of increasing disease**

prevalence and burden? Whose responsibility are they?

- Transparency.**

- o Would people use the information?**

- o Effect on hospitals – they under price inpatient stays and over price outpatient services. Conceivably, price transparency would force them to shift their costs to inpatient setting – may or may not be desirable.**

Proposed legislation on these issues is being debated now in the Legislative session.

4. Other Business

a. June Meeting

- Possible agenda items: reserves report, small group examination results.**

b. July and August Meetings

- Cancelled – group will reconvene in September.**

c. Membership

- Looking for more business representatives**

d. Outstanding work assigned by Legislature

§ Provider Rates

- OHIC has not been able to conduct a meaningful study of provider rates do to lack of resources. It appears there will be the opportunity to do something jointly with RI Medical Society. Report will be held pending outcome of this work.**

§ Insurance complaint process for small group rate increases

- **Held pending outcome of small group market conduct examination (due this summer)**

Next Meeting

June 20, 2006

5-6:30 in DBR hearing room.